



Financial Release

Third quarter ended September 30, 2019

October 23, 2019

Contents

Press Release	3
Performance Update	7
Financial Statements.....	10
Earnings Conference Call	13

Safe Harbor Statement

Certain statements in this press release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

Use of Non-GAAP Financials

Hexaware has included non-GAAP financial measures in this release to supplement Hexaware's consolidated financial statements presented on a GAAP basis. These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of Hexaware's results as reported under GAAP.

The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies. We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of non-GAAP earnings to the most directly comparable GAAP earnings, and we encourage investors to review those reconciliations carefully.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency. We further believe that providing this information better enables investors to understand Hexaware's operating performance and financial condition.

USD Revenue up 11.7% QoQ; 23.1% YoY

EPS QoQ growth of 21.3%. Non-GAAP EBIT% of 14.7%

Mumbai – October 23, 2019: Hexaware Technologies Limited, an automation-led, next-generation provider of IT, BPO and Consulting services reports numbers for the third quarter ending September 30, 2019.

Financial Summary

US \$ Mn	Growth	
	QoQ	YoY
Revenue (Constant Currency)	12.3%	24.4%

US \$ Mn	Q3 19	Growth	
		QoQ	YoY
Revenue	210.5	11.7%	23.1%
EBITDA (Post RSU)	33.8	10.8%	18.3%
EBIT	29.2	5.9%	10.9%
PAT	26.1	19.7%	7.4%

₹ Mn	Q3 19	Growth	
		QoQ	YoY
Revenue	14,813	13.2%	22.5%
EBITDA (Post RSU)	2,377	12.2%	17.5%
EBIT	2,053	7.3%	10.1%
PAT	1,837	21.4%	6.7%

Leadership Speak

“The synergetic alignment of Mobiquity’s capabilities with Hexaware’s unique strategy has led to a smooth and successful integration. This sets us up nicely for our future growth.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We have delivered substantial growth in revenue, profits and EPS driven by both our organic business and the Mobiquity acquisition. In this process, we crossed an important landmark of quarterly \$200 M revenues.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

“We have delivered another quarter of consistent results. This is reflected in our strong double-digit revenue and profit growth. Mobiquity acquisition coupled with operational efficiencies helped us deliver strong sequential EPS growth of 21.3%.” stated **Vikash Kumar Jain, CFO, Hexaware Technologies Limited.**

Business Update

New Wins

NN wins in Q3 2019 with TCV of US\$ 28 M.

Key Highlights

In Q3 2019, Europe showed 52.9% YoY growth. All verticals had double-digit YoY growth, led by M&C (40.9%), HTPS (38.6%), H&I (26.3%). In the horizontals, YoY growth was led by Application Development & Maintenance (ADM) with 43.3% and BPS with 36.1% growth.

Hexaware has partnered with Ephesoft, a pioneer in enterprise content capture and data discovery solutions. The partnership will help deliver business process transformation to leading organizations.

Revenue Growth

Particulars	Segments	Q3 2019	
		QoQ	YoY
Verticals	Banking and Financial Services	8.4%	11.7%
	Travel & Transportation	12.4%	18.4%
	Healthcare & Insurance	11.9%	26.3%
	Manufacturing & Consumer	19.4%	40.9%
	High-Tech & Professional Services	11.4%	38.6%
Service Lines	Application Devt & Maint (ADM)	26.6%	43.3%
	Enterprise Solutions	8.9%	16.4%
	Digital Assurance	-1.1%	9.5%
	Business Intelligence & Analytics	-0.9%	-7.2%
	Business Process Services (BPS)	13.1%	36.1%
	Infrastructure Management Services (IMS)	1.7%	17.4%
Geography	Americas	9.7%	20.0%
	Europe	32.3%	52.9%
	Asia Pacific	-3.0%	6.0%
Total		11.7%	23.1%

EPS

Q3 2019 EPS at ₹ 6.16 up 21.3% QoQ

Cash

- Cash & Cash equivalents (incl. restricted) at the end of September 2019 at ₹ 212 crores
- Days of Sales Outstanding (DSO) was 51 days (billed DSO) and 76 days (including unbilled) at the end of Q3 2019

Foreign Exchange Cover

The Company has hedges worth \$ 197.40 Mn at an average exchange rate of ₹ 74.15, € 6 Mn at an average exchange rate of ₹ 89.72 and £ 13.08 Mn at an average exchange rate of ₹ 98.73 maturing over the course of the next eight quarters (from October 2019 to September 2021).

Human Capital

- Headcount stood at 19,062 at the end of Q3 2019; up 768 QoQ, up 3,012 YoY
- Utilization stood at 79% (including trainees) in the Quarter
- Attrition at the end of September 2019 was at 17.3%

Third Interim Dividend of 2019

The Board of Directors declared third interim dividend of ₹ 2 per share (100%) on equity shares of ₹ 2.00 each. The record date is fixed as 5th November 2019 for determining the shareholders entitled for this third interim dividend of the year 2019. The payment shall be made on 8th November 2019. This would result in a cash outflow of ₹ 71.9 Crores for dividend payment including tax, resulting in a dividend payout ratio of 39% for Q3 2019.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 2.50 per share (125%) and a second interim dividend of ₹ 1.50 per share (75%) on equity shares of ₹ 2.00 each. Including the third interim dividend, the dividends declared including tax for the first three quarters of 2019 total to ₹ 215.7 Crores, amounting to a dividend payout ratio of 46%.

Awards and Recognition

Everest features Hexaware

- As Aspirants for Workday Human Capital Management IT Services
- As Aspirants for Life Sciences Digital Services

Gartner features Hexaware

- Among the sample vendors offering Payer Services in the report titled "Healthcare Payer CIOs Should Adopt Automation Mixology"
- In Gartner's Hype cycle report for Business Process Services
- In Gartner's Hype cycle report for Application Services

HfS mentions Hexaware

- Among the top vendors offering Banking & Financial Services
- Among the top vendors offering Enterprise AI Services
- Among the top vendors offering SAP SuccessFactors Services

Nelson Hall features Hexaware as "Major Players" for Healthcare Payer BPS Services

Forrester features Hexaware as "Contenders" in their new WAVE report for Workday Services

Hexaware's Corporate Actions Automation offering featured in Celent report titled "Corporate Actions Processing in the Digital Era"

Hexaware- Mobiquity Acquisition market report has been published in Global Data report for "IT Services Vendor Watch H1-2019"

Hexaware won the Gold award in ITSMA 2019 Marketing Excellence Awards under the category "Personalizing Marketing with Digital Tools, Data, and Approaches"

About Hexaware

Hexaware is the fastest growing next-generation provider of IT, BPO and consulting services. Our focus lies on taking a leadership position in helping our clients attain customer intimacy as their competitive advantage. Our digital offerings have helped our clients achieve operational excellence and customer delight by 'Powering Man Machine Collaboration.' We are now on a journey of metamorphosing the experiences of our customer's customers by leveraging our industry-leading delivery and execution model, built around the strategy—'Automate Everything, Cloudify Everything, Transform Customer Experiences.'

We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, High-Tech & Professional Services (Tax, Audit, Accounting and Legal), Travel, Transportation and Logistics. We deliver highly evolved services in Rapid Application prototyping, development and deployment; Build, Migrate and Run cloud solutions; Automation-based Application support; Enterprise Solutions for digitizing the back-office; Customer Experience Transformation; Business Intelligence & Analytics; Digital Assurance (Testing); Infrastructure Management Services; and Business Process Services.

Hexaware services customers in over two dozen languages, from every major time zone and every major regulatory zone. Our goal is to be the first IT services company in the world to have a 50% digital workforce.

Learn more about Hexaware at <http://www.hexaware.com>

For more information contact:

Sreedatri Chatterjee

Hexaware Technologies Limited

Tel: +91 (22) 6654 2682 / 83

E-mail: sreedatric@hexaware.com

Performance Update

Performance Highlights in US\$

US\$ Mn	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Revenue from Operations	211	188	180	176	171
% , q-o-q	11.7%	4.7%	2.2%	3.0%	1.6%
% , y-o-y	23.1%	12.0%	10.9%	12.8%	11.1%
EBITDA (Post RSU)	34	31	27	27	29
EBIT	29	28	25	25	26
PAT	26	22	20	17	24

Performance Highlights in ₹

₹ Mn	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Revenue from Operations	14,813	13,083	12,640	12,524	12,096
% , q-o-q	13.2%	3.5%	0.9%	3.5%	6.4%
% , y-o-y	22.5%	15.1%	20.5%	24.6%	21.8%
EBITDA Post RSU	2,377	2,118	1,887	1,913	2,023
EBIT	2,053	1,913	1,738	1,755	1,864
PAT	1,837	1,514	1,385	1,234	1,721
EPS (₹ per share)/Basic	6.16	5.08	4.65	4.15	5.80
EPS (₹ per share)/Diluted	6.07	5.01	4.58	4.09	5.70

Revenue by Vertical

% of Revenue	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Banking and Financial Services	38.6	39.8	40.8	42.1	42.5
Travel & Transportation	10.1	10.1	9.5	9.9	10.5
Healthcare & Insurance	19.3	19.2	18.3	19.1	18.8
Manufacturing & Consumer	17.1	16.0	17.2	15.2	14.9
High-Tech & Professional Services	14.9	14.9	14.3	13.8	13.3
Total	100.0	100.0	100.0	100.0	100.0

Revenue by Service Line

% of Revenue	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Application Development & Maintenance (ADM)	41.8	37.0	34.5	35.1	36.0
Enterprise Solutions	9.2	9.4	9.5	9.5	9.7
Digital Assurance	15.7	17.7	17.5	17.5	17.7
Business Intelligence & Analytics	10.9	12.3	13.1	13.1	14.5
Business Process Services (BPS)	8.2	8.0	7.6	7.3	7.4
Infrastructure Management Services (IMS)	14.2	15.6	17.8	17.5	14.7
Total	100.0	100.0	100.0	100.0	100.0

Revenue by Geography

% of Revenue	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Americas	75.4	76.8	76.1	76.9	77.4
Europe	16.6	14.0	12.6	13.0	13.3
Asia Pacific	8.0	9.2	11.3	10.1	9.3
Total	100.0	100.0	100.0	100.0	100.0

%	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Repeat Business	94.4	96.4	93.9	95.6	93.8

Nos	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Clients Billed	261	255	223	224	223

Nos	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Clients added	11	15	7	5	9

DSO

Days	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Billed	51	54	51	60	58
Including Unbilled Accruals	76	77	74	81	83

Revenue Concentration

% of Revenue	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Top 5	35.2	37.3	41.7	42.0	42.1
Top 10	44.4	46.4	51.1	51.6	52.2

Client Size

Nos (Last Twelve Months)	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
More than \$ 1 Mn +	124	120	99	99	95
Between \$ 1 to 5 Mn	89	85	71	72	70
Between \$ 5 to 10 Mn	22	24	19	18	15
Between \$ 10 to 20 Mn	7	6	4	4	6
Over \$ 20 Mn	6	5	5	5	4

Onsite: Offshore Mix with BPO

%	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Onsite	62.7	63.0	63.4	63.9	64.9
Offshore (Incl. Nearshore)	37.3	37.0	36.6	36.1	35.1
Total	100.0	100.0	100.0	100.0	100.0

People Numbers

%	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Billable Personnel (IT + BPS Services)					
Onsite	18.3	19.2	19.1	19.0	18.4
Offshore	74.2	73.2	73.5	73.6	74.2
Total	92.5	92.4	92.6	92.6	92.6
Marketing (Incl. Sales Support)	2.9	3.0	2.9	3.0	3.0
Others (Incl. Tech. Support)	4.6	4.6	4.5	4.4	4.4
Grand Total	100.0	100.0	100.0	100.0	100.0

%	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Utilization	79.0	80.7	79.0	78.7	79.0

%	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Attrition Rate: Last Twelve Months	17.3	18.2	18.2	17.0	15.7

Rupee Dollar Rate

	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q4 FY 18	Q3 FY 18
Period Closing rate	70.88	69.02	69.16	69.78	72.49
Period average rate	70.36	69.42	70.32	71.11	70.68

Notes:

- Mobiquity numbers included in key metrics starting Q2FY19 (from the date of acquisition)
- For 'Revenue concentration' and 'Client size' metrics, Mobiquity numbers are an annualized view

Financial Statements

Consolidated Income Statement - Ind AS

All Amounts in INR Mn	Q3 19	Q2 19	QoQ%	Q3 18	YoY%
Revenue	14,813.5	13,083.4	13.2%	12,096.2	22.5%
Direct Costs	9,749.9	8,807.5	10.7%	8,038.2	21.3%
Gross Profit	5,063.5	4,275.8	18.4%	4,058.0	24.8%
SG&A Cost	2,623.5	2,116.5	24.0%	1,941.1	35.2%
EBITDA before RSU cost	2,440.1	2,159.3	13.0%	2,116.9	15.3%
RSU Cost	62.9	41.0	53.2%	93.7	-32.9%
EBITDA	2,377.2	2,118.3	12.2%	2,023.2	17.5%
Depreciation	324.3	205.5	57.8%	159.1	103.8%
Operating Profit = EBIT	2,053.0	1,912.8	7.3%	1,864.0	10.1%
Other Income (net)	(27.1)	24.7	-209.6%	29.4	-192.2%
Forex Gains / (Losses)	197.6	73.8	167.6%	234.9	-15.9%
Transaction Expense		(169.5)			
Profit Before Tax	2,223.4	1,841.8	20.7%	2,128.4	4.5%
Provision for Tax	386.9	329.2	17.6%	405.8	-4.6%
Profit After Tax	1,836.5	1,512.7	21.4%	1,722.6	6.6%
Share of Profit in associate	0.7	0.9	-23.5%	(1.2)	-152.8%
PAT After Profit in Associate	1,837.1	1,513.5	21.4%	1,721.4	6.7%

Key Ratios	Q3 19	Q2 19	QoQ%	Q3 18	YoY%
<i>Gross Margin</i>	34.2%	32.7%	1.5%	33.5%	0.6%
<i>SG&A to Revenue</i>	17.7%	16.2%	1.5%	16.0%	1.7%
<i>EBITDA (Before RSU)</i>	16.5%	16.5%	0.0%	17.5%	-1.0%
<i>EBIDTA (Post RSU)</i>	16.0%	16.2%	-0.1%	16.7%	-0.7%
<i>Operating / EBIT Margin</i>	13.9%	14.6%	-0.8%	15.4%	-1.6%
<i>Profit before tax</i>	15.0%	14.1%	0.9%	17.6%	-2.6%
<i>Profit after Tax</i>	12.4%	11.6%	0.8%	14.2%	-1.8%
<i>EPS - Basic (INR)</i>	6.16	5.08	1.08	5.80	0.36
<i>EPS - Diluted (INR)</i>	6.07	5.01	1.07	5.70	0.37

Consolidated Audited Balance sheet – IND AS (INR Mn)

Head	As at Sep 30, 2019	As at Jun 30, 2019	Q-o-Q
Assets			
Property, plant and equipment and intangible	4,809	4,776	33
Goodwill	11,843	11,486	357
Intangible - Customer relations and Brand - MB	2,452	2,498	(45)
Capital work-in-progress	2,067	2,107	(40)
Deferred tax assets	1,888	1,870	18
Other non-current assets & investments in associates	1,745	1,788	(43)
Trade receivables and unbilled revenue	12,364	11,969	394
Other current assets	1,192	1,221	(29)
Cash and cash equivalents (inc. restricted)	2,116	1,728	387
Total assets	40,476	39,444	1,032
Equity and liabilities			
Equity			
Equity Share capital	597	596	1
Other Equity and reserves	26,217	24,802	1,415
Total equity	26,814	25,398	1,416
Liabilities			
Non-current liabilities	35	11	24
Borrowings	1,422	1,658	(236)
Trade payables	3,592	3,705	(113)
Other current liabilities	3,318	3,529	(211)
DTL on Intangible	662	679	(17)
Deferred consideration	3,452	3,318	133
Provisions	1,181	1,144	37
Total liabilities	13,662	14,046	(383)
Total equity and liabilities	40,476	39,444	1,032

Consolidated Income Statement - Ind AS

USD K

All Amounts in USD '000	Q3 19	Q2 19	QoQ%	Q3 18	YoY%
Revenue	210,507	188,500	11.7%	171,063	23.1%
Direct Costs	138,543	126,962	9.1%	113,692	21.9%
Gross Profit	71,964	61,538	16.9%	57,372	25.4%
SG&A Cost	37,277	30,433	22.5%	27,482	35.6%
EBITDA before RSU cost	34,687	31,105	11.5%	29,890	16.0%
RSU Cost	889	591	50.5%	1,328	-33.1%
EBITDA	33,798	30,514	10.8%	28,562	18.3%
Depreciation	4,609	2,964	55.5%	2,253	104.6%
Operating Profit = EBIT	29,189	27,550	5.9%	26,309	10.9%
Other Income (net)	(385)	355	-208.5%	414	-193.1%
Forex Gains / (Losses)	2,746	1,048	162.1%	3,296	-16.7%
Transaction Expense		(2,445)			
Profit Before Tax	31,550	26,508	19.0%	30,018	5.1%
Provision for Tax	5,490	4,737	15.9%	5,733	-4.2%
Profit After Tax	26,061	21,772	19.7%	24,286	7.3%
Share of Profit in associate	9	12	-24.1%	(17)	-154.6%
PAT After Profit in Associate	26,070	21,784	19.7%	24,269	7.4%

Key Ratios	Q3 19	Q2 19	QoQ%	Q3 18	YoY%
<i>Gross Margin</i>	<i>34.2%</i>	<i>32.6%</i>	<i>1.6%</i>	<i>33.5%</i>	<i>0.7%</i>
<i>SG&A to Revenue</i>	<i>17.7%</i>	<i>16.1%</i>	<i>1.6%</i>	<i>16.1%</i>	<i>1.6%</i>
<i>EBITDA (Before RSU)</i>	<i>16.5%</i>	<i>16.5%</i>	<i>0.0%</i>	<i>17.5%</i>	<i>-1.0%</i>
<i>EBIDTA (Post RSU)</i>	<i>16.1%</i>	<i>16.2%</i>	<i>-0.1%</i>	<i>16.7%</i>	<i>-0.6%</i>
<i>Operating / EBIT Margin</i>	<i>13.9%</i>	<i>14.6%</i>	<i>-0.7%</i>	<i>15.4%</i>	<i>-1.5%</i>
<i>Profit before tax</i>	<i>15.0%</i>	<i>14.1%</i>	<i>0.9%</i>	<i>17.5%</i>	<i>-2.5%</i>
<i>Profit after Tax</i>	<i>12.4%</i>	<i>11.6%</i>	<i>0.8%</i>	<i>14.2%</i>	<i>-1.8%</i>
<i>EPS - Basic (INR)</i>	<i>6.16</i>	<i>5.08</i>	<i>1.08</i>	<i>5.80</i>	<i>0.36</i>
<i>EPS - Diluted (INR)</i>	<i>6.07</i>	<i>5.01</i>	<i>1.07</i>	<i>5.70</i>	<i>0.37</i>

Earnings Conference Call

Participants are requested to dial-in 10 minutes in advance to ensure that you are connected to the call in time.

Date	October 23 rd 2019	
Time	4:30 PM IST	
Dial-in Access Numbers		
Primary Access	+91 22 6280 1162 +91 22 7115 8063	
Local Dial In Available all over India	+91-7045671221	
Toll Free Number:	Hong Kong	800964448
	Singapore	8001012045
	UK	08081011573
	USA	18667462133

[Click here for your DiamondPass™](#)

DiamondPass™ is a Premium Service that enables you to be instantly connected to your conference call without having to wait for an operator.

Web meeting link:

<https://hexaware.webex.com/meet/hexaware>

Replay Facility*

Playback number: (+91 22 66635757), (+91 22 71945757). When prompted, enter the Playback Code: 70147.

**The replay facility of the conference call will be available 60 minutes after the call ends; from October 23rd until October 25th, 2019.*